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Ivory Coast: Looking Toward the Post-Houphouet Era

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An Intelligence Assessment

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June 1982*

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Ivory Coast: Looking Toward the Post-Houphouet Era

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An Intelligence Assessment

*Information available as of 14 April 1982
has been used in the preparation of this report.*

This paper was prepared by [redacted]
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Analysis. Comments and queries are welcome and
may be addressed to the Chief, West-East Africa
Division, ALA, [redacted]

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This paper has been coordinated with the Directorate
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**Ivory Coast:
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Post-Houphouet Era**

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Key Judgments

Ivory Coast, long a "model" for pro-Western moderation and successful development in West Africa, is facing the strains of a looming but unresolved presidential succession. President Houphouet-Boigny has ruled since independence in 1960, but has not yet designated a successor or established constitutional provisions for selecting one should he die before the newly created post of vice president is filled—most likely in the 1985 elections. Houphouet's delay in naming a successor worries politically aware Ivorians, who want him to end the uncertainty as soon as possible.

Houphouet's passing without a designated successor would risk a power vacuum and a leadership struggle. Although inevitable infighting and jockeying for position would strain at least temporarily the unity of the ruling elite, we believe this group would probably close ranks eventually behind one of its members to ensure a successful transition. Should Houphouet privately designate a successor to be named officially after the President's death, we think key political leaders and groups probably would honor his wishes in the interest of maintaining national unity. The selection of a successor from Houphouet's own ethnic group located in the central part of the country, however, would increase frustration among northern groups that have been limited to a minority role in the government.

If Houphouet survives through the elections in 1985 and names a vice-presidential successor, he may still decide to retain power indefinitely. The inevitable subsequent decline in his physical and mental abilities could result in diminished government effectiveness and stir enough restiveness among the elite, students, labor, and other groups to test the cohesiveness of the Ivorian system.

The most likely candidate to replace Houphouet is National Assembly President Henry Konan Bedie, who shares Houphouet's general outlook. The 48-year-old former Finance Minister has widespread support and Ivorians give him substantial credit for the country's successful economic policies.

Basic changes in Ivory Coast's economic fortunes make it more vulnerable to turmoil in the succession than at any time since independence. After some 20 years of rapid economic expansion, the country is now experiencing a period of slower growth, rising unemployment, and inflation.

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A new leader presumably could manage the country's economic problems more effectively if the succession occurs after Abidjan has developed what it believes are sizable offshore oil deposits. The importance of this watershed is the boost the oil exports would give to revenues, growth, employment, and access to foreign borrowing. Production will not hit projected capacity levels until mid-decade, however. Moreover, even then increased revenues could spur corruption, urban migration, and inflation.

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The country's current economic slowdown and political instability in the region increase the danger of outside meddling in the event of a succession crisis. Tripoli and Moscow now have very little influence and no diplomatic representation in Abidjan. Nevertheless, their opportunities—which in the past have been severely limited—are certain to increase during the post-Houphouet era. A combination of turbulent succession and Libyan and Soviet progress in neighboring Ghana would increase Ivory Coast's vulnerability to radical influences. Unless some better opportunity presented itself, Qadhafi's most likely tactic in these circumstances would be to exploit any resurgence of tribal hostilities to gain influence among Ivory Coast's minority Muslim population, which is centered in the north.

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We believe that France, Ivory Coast's former colonial ruler, will work judiciously behind the scenes to encourage the emergence of a qualified and acceptable successor, to smooth the transfer of power, and to mute other external influences. We feel Paris will do so to protect its economic interests, ensure the security of French nationals in Ivory Coast, and reassure other moderate francophone states in the area. Based on French behavior elsewhere in West Africa, however, we believe that French troops stationed outside Abidjan would intervene directly only as a last resort.

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In our view, the traditionally apolitical Ivorian military would intercede only if there were a prolonged succession struggle or if public unrest threatened stability. Nevertheless, there is a worst-case possibility that officers or enlisted men, motivated by ambition and opportunism, could exploit a succession struggle to seize power. A coup would pose the greatest potential risk for inroads by heretofore unknown domestic radicals or by the Libyans and the Soviets.

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On balance, however, we believe that the post-Houphouet leadership will prove generally moderate and pro-Western, although it probably will seek to demonstrate the country's nationalist and African credentials by assuming a more nonaligned orientation. Abidjan may support US positions in international forums less consistently, and, lacking Houphouet's leadership, will have less influence on regional affairs. A successor regime probably would be more willing to broaden ties gradually beyond France, a development that could benefit US commercial interests.

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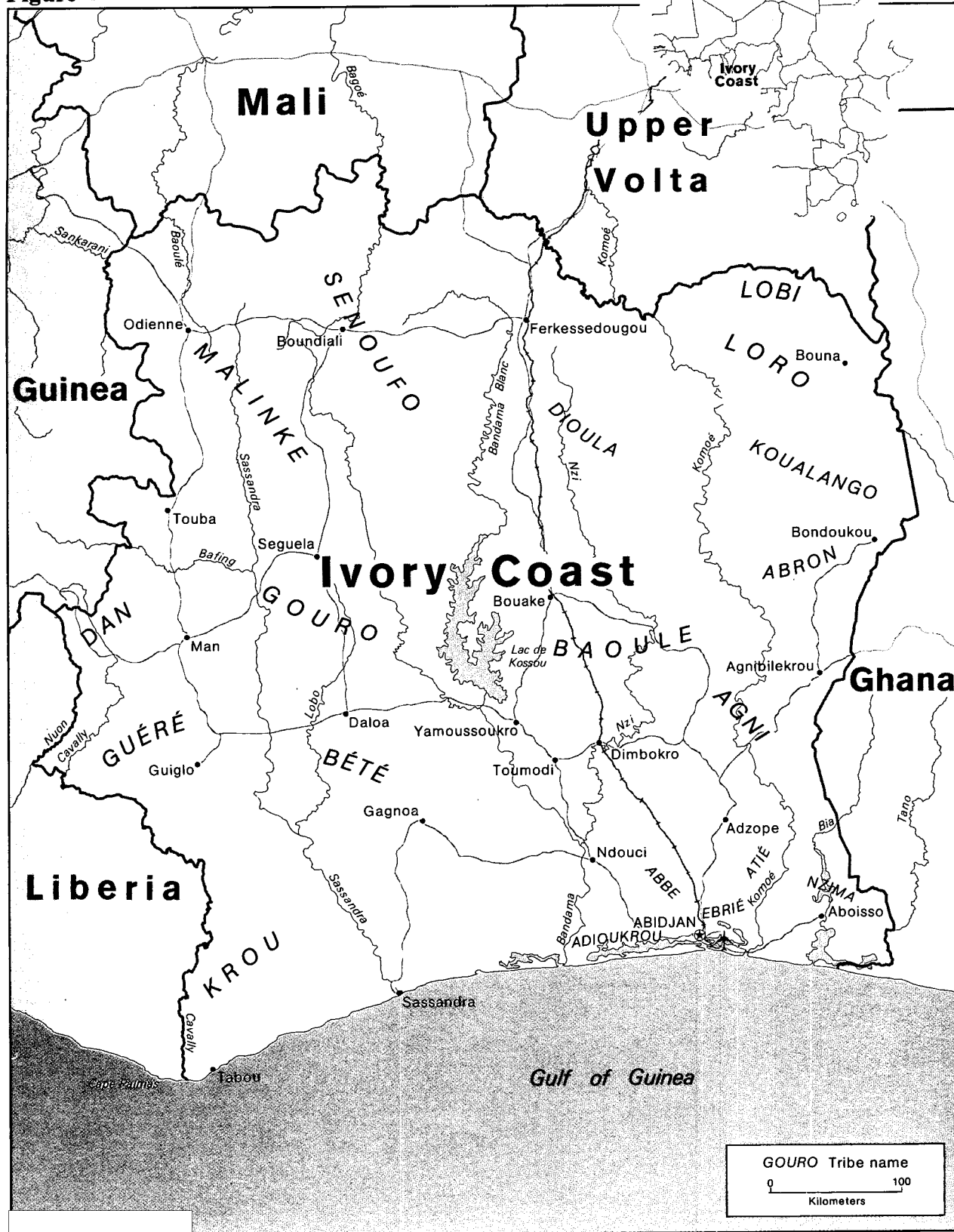
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Ivory Coast: Looking Toward the Post-Houphouet Era

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Introduction

Since independence from France in 1960, Ivory Coast has maintained a level of political stability, economic development, and cooperation with the West that is almost without parallel in black Africa. This record is due largely to the pragmatic and traditionally pro-French policies and benevolently authoritarian rule of Felix Houphouet-Boigny, the country's founding father and only president. After two decades of success under Houphouet, however, Ivory Coast is faced with growing political challenges and its most difficult economic slowdown since independence that, if mis-handled, could result in instability and opportunities for outside meddling.

Houphouet, 76, has not designated a successor or established constitutional procedures for succession should he die in office without naming a political heir. Moreover, the US Embassy in Abidjan reports that the Ivorian leader has given no public hint that he intends to retire voluntarily any time soon. Under these circumstances, we believe that Houphouet's death—or a sharp decline in his physical or mental condition—would pose a potentially serious political test for the Ivorian system.

The Houphouet Era

Domestic Politics. Ivory Coast's comparative political harmony has depended on Houphouet's firm, paternalistic control of political activity. A strong presidential form of government and a single party system that he forged before Ivory Coast gained independence have concentrated power firmly in his hands. The Democratic Party of Ivory Coast (PDCI) includes all important political interest groups and serves both as a policymaking forum and as an instrument for overseeing policy implementation.

Houphouet's reliance on direct personal dialogue and conciliation of potentially restive elements has helped deter open unrest and destructive political competition. Political opponents have generally been co-opted into the ruling party; at present there is no evidence of any significant opposition group within or outside the



President Felix Houphouet-Boigny

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country. Ethnic rivalries have been held in check by the President's careful allocation of political patronage and key positions among the country's 60 tribal groups.

Among Houphouet's political problems have been public charges in recent years by disgruntled village chiefs and local party officials that the entrenched postindependence political leadership is overly corrupt, arrogant, and unresponsive to local needs. In an effort to clean house and to still such criticism, Houphouet in 1980 gave the Ivorian public an opportunity to vote unpopular incumbents out of office in

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the country's first competitive elections. The elections helped renew the legitimacy of local party leaders and legislators, but also produced splits in the party that remain unhealed. [REDACTED]

The Economy. Much of Houphouet's ability to consolidate and sustain his political position over such a long period has depended on remarkable gains in the economy and Ivorian living standards. The heart of his strategy has been a combination of economic liberalism and substantial French participation in the development process. In addition to Paris's development aid—more than \$1.5 billion in net disbursements over the 1975-80 period—and private investment flows, technical support by French expatriates provides the expertise that has allowed Ivory Coast to build a modern economy. More than 65,000 French nationals still hold key management, technical, and civil service positions. French support has facilitated Ivory Coast's diversification of its economic base from dependence on cocoa and coffee into other agricultural commodities and light industry. [REDACTED]

Aided by strong demand for its exports, the country became West Africa's economic star, averaging 7.5-percent real growth per year until the mid-1970s. Ivory Coast also had one of the region's best records in employment, access to consumer goods, and provision of public services. Such performance attracted unskilled workers from poorer neighboring states, who now comprise about 30 percent of the population. Although immigrant labor strained public services, it helped limit inflation for many years according to the US Embassy in Abidjan because these workers generally earned much lower wages than native Ivorians. [REDACTED]

Economic conditions and prospects began to change with the energy crisis, the slowdown of the global economy, and the attendant decline in demand for tropical products in the mid-1970s. By the early 1980s, the economic growth rate had been cut by more than two-thirds and unemployment was on the rise. Despite the discovery of oil adequate to provide some relief from soaring import bills, Abidjan still faces serious problems in the next few years as it tries to cope with slower growth, heavy service on the debt it accrued in the recent lean years, and continuing global recession. [REDACTED]

Foreign Policy. In foreign policy, Houphouet has held to a moderate, pro-Western stance based on a continuing close economic, military, and cultural relationship with France. Houphouet and senior members of the political elite maintain close personal and cultural ties to France and French leaders. Because of extensive economic and financial assistance from Paris—France is Ivory Coast's major trading partner and aid donor—the French Government and business community have considerable influence in the Ivory Coast. [REDACTED]

Houphouet is regarded throughout the region as the elder statesman of West Africa. He is the oldest surviving francophone leader and has considerable influence among moderate African heads of state who respect his advice and services as a conciliator. Houphouet has actively encouraged regional cooperation and economic development by supporting the 15-member Economic Community of West African States (ECOWAS) and the Council of the Entente, a loose political and economic union of Abidjan's French-speaking neighbors: Togo, Benin, Upper Volta, and Niger. Houphouet's stature has occasionally allowed him to pursue unpopular policy initiatives, such as his unsuccessful call in 1970 for a black African dialogue with white-ruled South Africa. [REDACTED]

Houphouet is ardently anti-Communist and suspicious of Soviet, Cuban, and Libyan activities in Africa. Abidjan does not have diplomatic relations with Moscow, Havana, or Tripoli. According to the US Embassy in Abidjan, Houphouet views Qadhafi as a Soviet surrogate and looks to France and the United States to stem Soviet expansionism and Libyan meddling in the region. [REDACTED]

Old Age and Succession Politics

Houphouet claims to be 76, but he may be several years older. According to the US Embassy he suffers from occasional bouts with malaria, but has no known life-threatening diseases. [REDACTED]

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The Economy**Last Year**

The Ivorian economy grew only 2 to 3 percent in 1981, in part because of IMF-urged cuts in government spending. Industrial output fell 5 percent below the 1980 level, the first such decline since independence. Agriculture was the only bright spot, largely because of increases in cocoa and coffee production.

Ivory Coast incurred a \$1.8 billion current account deficit last year. Lower prices for cocoa and coffee combined to reduce export earnings nearly 15 percent below 1980's depressed level. Expenditures continued to rise, led by a surge in interest payments on foreign debts that reached \$6 billion.

Abidjan was able to pay its bills by obtaining sizable overseas loans. In addition to allowing Ivory Coast access to IMF money, Abidjan's strict adherence to Fund guidelines also helped bolster sagging banker confidence enough to help fund most of the remaining payments gap. Banker optimism also improved in response to growing evidence that Ivory Coast would become an important oil exporter by the mid-1980s.

This Year

At best, we believe that the Ivorian economy will grow only 1 to 2 percent in 1982 as the pinch of IMF-imposed restrictions on domestic credit and foreign borrowing spreads to all sectors. Preliminary figures suggest that industrial output will fall for the second year in a row, while agricultural production should at least approximate, if not surpass, last year's levels.

We now believe that the country will run at least a \$2 billion current account deficit. Sluggish world demand will keep cocoa and coffee earnings depressed and payments on \$6.5 billion in external debt—the largest in black Africa, save for Nigeria—will continue to mount.

We estimate that Abidjan should be able to cover its payments gap, but not without difficulty. It has been able to secure only some \$300 million in new loans this year, a far cry from meeting its financial needs. Banker optimism has dropped off in recent months because of discouraging reports about the size of the country's oil potential. According to the US Embassy, the government is looking to Paris to help bail them out and has also approached US banks for additional loans.

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Houphouet has given no public indication to date of plans to name a successor and retire voluntarily as did his contemporary, former President Senghor of Senegal who stepped down in 1980. Nor, according to US mission reporting, has Houphouet ruled out running for reelection in October 1985 when his current five-year term of office expires. []

In a partial response to public concern over the succession issue, Houphouet in late 1980 pushed through the National Assembly a constitutional amendment creating the position of vice president.

The amendment provides for the vice president's automatic succession to serve out the remainder of the president's five-year term upon the latter's death, incapacitation (to be certified by the Ivorian Supreme Court), or resignation. []

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Houphouet proposed the succession amendment after the last presidential election, when it was too late to name a running mate, therefore the vice-presidency remains vacant. Moreover, there is no legal procedure for designating a successor should both the presidency

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and vice-presidency become vacant. The constitutional amendment stipulates that the vice president is to be chosen by the president and elected with him. Although this provision technically means that Houphouet cannot install a vice president until the 1985 elections, the US mission believes he could justify doing so as an interim measure and later push through a constitutional amendment sanctioning the move. [REDACTED]

Houphouet has ignored calls by political leaders to name a vice president or to clarify succession procedures. Reports from several US Government agencies indicate that this seeming unwillingness to resolve the issue is the subject of growing concern and debate among politically aware Ivoirians. US Embassy sources report that Houphouet claims that any attempt by him at this point to elaborate publicly on the succession question would only exacerbate still unhealed divisions caused by the country's first competitive elections two years ago. Knowledgeable Ivoirians, who doubt Houphouet will leave the vice-presidency vacant indefinitely, have speculated in discussions with US officials that he is using the time until the next presidential election to identify a candidate and build a consensus of acceptance for him. These sources believe such an approach would help guard against the formation of political alliances outside Houphouet's control and minimize the likelihood of a challenge to his authority. [REDACTED]

We believe the party's powerful 32-member Political Bureau would be the most likely body to take charge in the event of a succession crisis. In our view, the Political Bureau probably would either choose a successor extralegally or push through a constitutional amendment that would provide for the selection of a successor. The Bureau is composed of many longtime party leaders who also hold key government positions. Many have served as close personal advisers to Houphouet and are responsible for the daily workings of the government and the party. [REDACTED]

Potential for Libyan and Soviet Meddling

Ivory Coast's moderate orientation and strong ties to France make it an inviting target for Libyan and Soviet efforts to undermine Western influence and install radical regimes in the region. We believe that Abidjan's vulnerabilities, which until now have been limited, will increase if the Libyans and Soviets succeed in establishing a stronghold in neighboring Ghana and use it—as they have Benin—as a regional staging base for subversion against pro-Western regimes. Moreover, chronic economic problems and political instability in neighboring Mali, Upper Volta, Guinea, and Liberia may offer unforeseen opportunities for further Libyan inroads in other bordering states. [REDACTED]

Mission reporting indicates that the Libyans and Soviets have made some attempts in recent years to expand their influence and to weaken Ivory Coast's traditionally strong Western ties, despite the handicap posed by Abidjan's refusal to allow Moscow or Tripoli to establish a local diplomatic, economic, and cultural presence. [REDACTED]

US officials in Abidjan estimate that some 200 Ivoirians are studying in Communist countries without the approval of their government. They point out that Communist-trained students upon their return home have had little influence in the past on Ivoirian domestic or foreign policies and have generally been co-opted by the system. [REDACTED]

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We believe a new, less confident post-Houphouet Ivorian Government might be tempted to establish diplomatic relations with the USSR and Libya to demonstrate greater nonalignment. Any political or economic instability during the post-Houphouet period also would encourage greater Soviet and Libyan machinations. [redacted]

Nevertheless, we believe that the likely retention of power by members of the present Western-oriented Ivorian elite will continue to hamper attempts by Moscow and Tripoli to gain stronger influence in Ivory Coast. Members of the elite traditionally have viewed Soviet expansionism and Libyan meddling as a threat to their country's stability and relative economic success—from which they have profited. Thus we believe they would take a cautious approach toward expanding ties with Moscow and Tripoli beyond possibly exchanging diplomatic missions. [redacted]

Libyan activities in neighboring West African states suggest that Qadhafi would try to exploit a resurgence of ethnic rivalries in the post-Houphouet era by attempting to gain influence among Ivory Coast's growing Muslim population. (This would be especially likely if Tripoli consolidates a strong regional base of operations in neighboring Ghana.) The Ivorian Government estimates that Muslims comprise at least 25 percent of the population. Islam is practiced primarily in the country's northern and western regions and by non-Ivorian Africans in the modern economic sector.

[redacted] the Embassy believes northern unhappiness over the political predominance of central and southern ethnic groups could increase northern Muslim receptiveness over the longer run to Qadhafi's proselytizing. [redacted]

French Interests

France has a high stake in a successful transition of power in Ivory Coast. French nationals and French firms are more heavily represented there than in any other West African state. Paris and Abidjan have maintained a mutually profitable relationship since independence, and the Ivorians look to Paris to ensure

their security. President Mitterrand, during a visit to West Africa in May 1982, reaffirmed his government's commitment to its economic, political, and defense relationships with Ivory Coast and support for Abidjan's aspirations in the North-South dialogue. Statements by senior French officials make clear that they believe, as we do, that the collapse of Ivory Coast into instability would be viewed by other moderate francophone states in West Africa as a failure by France to live up to its commitments. [redacted]

A mutual defense treaty theoretically obligates France to intervene at the Ivorian Government's request if its security is threatened. But the Mitterrand regime, strongly critical of what it perceived as former President Giscard's interventionist policies, is reluctant to be seen directly interceding in internal African affairs, according to the US Embassy in Paris. Thus, we believe France would be unlikely to intervene directly in the succession process unless its vital interests or the security of its nationals are threatened by the imminent collapse of a post-Houphouet regime and the prospect of a radical takeover. The Mitterrand government, with whom Houphouet has very good relations, probably would much prefer to use its considerable influence behind the scenes to support a favored pro-French successor. [redacted]

Role of the Military

Houphouet over the years has taken a variety of measures to ensure that the relatively small Ivorian armed forces—fewer than 10,000 in all services—remain a weak and apolitical force. Indeed, he has emphasized civilian economic development rather than military expansion. To promote concord, Houphouet, according to the US Embassy, has distributed promotions fairly among all ethnic groups in the military. He also has limited the military's exposure to leftist or radical ideologies by ensuring that officers are trained in France or by French-trained instructors. We believe that the presence of some 500 French troops stationed outside Abidjan also serves as a psychological deterrent to coup plotting. No evidence of military plotting has come to light since a coup plot organized by junior officers was uncovered in 1973. [redacted]

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Likely Civilian Successors

If and when Houphouet chooses a vice presidential successor, the US Embassy believes the individual is likely to come from the younger generation of Ivoirians that Houphouet brought into the leadership in 1980. Many within the Ivorian elite are concerned that Houphouet will choose a successor from his own minority ethnic group, the Baoule of central Ivory Coast. [redacted] suspicions among non-Baoule tribesmen were heightened after Houphouet increased Baoule representation in the party's Political Bureau at the 1980 Party Congress.

Careful balancing of ethnic sensitivities has been a hallmark of Houphouet's rule; the US Embassy believes that fears of a Baoule "dynasty" could complicate efforts to ensure widespread acceptance of his designated successor. [redacted]

Three of the five leading candidates identified by the US Embassy as being in the informal contention for the vice presidency are Baoule tribesmen. The Embassy maintains that any of the five would also stand a good chance of being picked for the presidency

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Henry Konan Bedie [redacted]



Jeune Afrique ©

National Assembly President Henry Konan Bedie, 48, is widely considered by politically aware Ivoirians contacted by the US Embassy as the most likely choice for vice president. The former Finance Minister has broad support among members of the elite, who give him substantial credit for the country's past economic success. He has a reputation for intelligence, competence, and hard work in spite of losing his ministerial post in 1977 during an anticorruption campaign. Although Bedie is a Baoule, his popularity as an able leader transcends tribal boundaries. [redacted]

A former Ambassador to Washington and a US resident for nine years, Bedie is considered by Ivorian officials to know and understand the United States better than any other vice presidential contender. The US Embassy believes his presidency might well increase opportunities for US trade and investment, although Bedie shares Houphouet's dim view of US commodity policies. Bedie advocates gradually replacing French expatriates holding skilled positions with trained Ivoirians, but he apparently maintains good relations with the French. [redacted]

Jean Konan Banny [redacted]



African Defense Journal ©

Politically attuned Ivoirians view Defense Minister and party Executive Committee member Jean Konan Banny as more independent and progressive minded than other contenders, and in the past he was regarded as something of a radical. These qualities have won him support with Ivorian youth and intellectuals and government employees. According to the US Embassy, the 53-year-old Baoule tribesman is rumored to be Houphouet's nephew and to have been practically raised by the President. [redacted]

Camille Alliali [redacted]



Justice Minister and ranking member of the party's Executive Committee, 55-year-old Camille Alliali, is reported by the US Embassy to be a longtime, loyal aide to the President, reflects Houphouet's views on domestic and international issues, and is friendly toward the United States. He is a Baoule and he married into a family with close personal ties to Houphouet. Politically aware Ivoirians indicate he is an effective arbitrator of party disputes, but may lack the necessary forcefulness to be president. [redacted]

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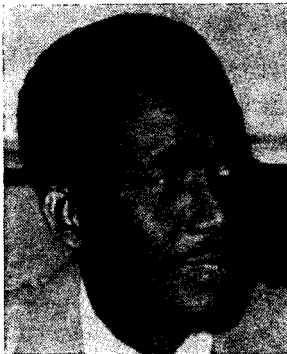
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under extraconstitutional procedures, were Houphouet to die before naming a vice president. None of the prominent candidates would be likely to alter significantly Houphouet's policies based on our review of their political record. [redacted]

Mathieu Ekra [redacted]



Minister of State without portfolio Mathieu Ekra, 65, is considered [redacted] as one of the hardest working and most competent members of government. If Houphouet chooses a non-Baoule or someone of his own generation, the US Embassy believes it probably would be Ekra. He is a member of the Angi tribe, which has close cultural, historical, and linguistic ties to the Baoule. Ekra has been on the party's Political Bureau since 1959 and has served in successive cabinets for almost 20 years. US Embassy reporting indicates he does not have widespread public support, however, and is noted for an austere and aloof manner. [redacted]

Phillipe Yace [redacted]



Franz Furst ©

Some Ivoirians speculate that former National Assembly President Phillipe Yace may make a political comeback as Houphouet's replacement, but we view this as an unlikely development. Before the vice presidency was established, Yace was the constitutional successor by virtue of his position as President of the National Assembly. He fell from the President's favor for becoming too visible politically and assuming too much authority. The 62-year-old Yace is from the small southern Alladian tribe, is not in good health, and has made many enemies during his career [redacted]

Nevertheless, there will remain the possibility that officers or enlisted men motivated by personal ambition and opportunism could exploit a succession struggle to try to seize control. In our view, the coup leaders probably would attempt to rally rank-and-file support with promises to redress what they see as the government's inattention and neglect of the military. [redacted]

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A takeover by the military would introduce a fundamental change to Ivory Coast's political history, one whose inherent uncertainties we believe would increase the potential for heightened instability or foreign meddling in Ivorian domestic politics. The risks of greater influence by heretofore unknown domestic radicals or inroads by the Libyans or Soviets would be highest if junior officers or enlisted personnel came to power. We believe these risks would be much less if senior officers with long exposure to French training and the Houphouet political era were to take over. The senior officers would be more likely to act to promote their own conservative interests or those of the military as an institution. [redacted]

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The military's limited involvement in political affairs in the past suggests that it would be unlikely to intervene in the transition process unless a prolonged succession struggle or popular unrest jeopardized the country's stability. There is a possibility that a military takeover to restore political order might be temporary if led by senior military officers who have remained personally loyal to Houphouet and to the political system over the years. [redacted]

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Outlook: The Crucial Factor of Timing

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We believe the question of when Houphouet passes from the scene makes a great difference for the country's prospects for stability and foreign meddling. The likelihood of Ivory Coast enjoying continued political and economic stability probably would be greatest if Houphouet were not to die or retire until [redacted]

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after the election in 1985 of a vice-presidential running mate and formally designated successor. In our view a postelection transition would allow valuable time for Houphouet to groom a successor and to ensure his widespread acceptance. Houphouet's continuing presence also would allow time for economic recovery efforts to bear fruit under his firm guidance until projected oil revenues ease pressures—at least temporarily—by mid-decade. []

Houphouet's death before 1985, particularly in the absence of a designated successor or a procedure for picking one, could set the stage for a divisive power struggle among the educated elite. Under these circumstances, the elite's ability to cooperate and to preserve its internal cohesion will be the major factor in ensuring a successful resolution to a succession crisis. According to the US Embassy, the elite's unity was strained by the elections in 1980 and will be further tested by competition for leadership positions in the new regime. Nevertheless, we and the US mission believe there are strong forces that would act to hold the elite together: a large material stake in the present system; family ties, shared educational experiences; ideological compatibility; a tradition of negotiating disputes; and a great fear of the risks of political instability if they do not close ranks. []

Should Houphouet die after only privately designating a successor, we believe that his choice would probably be honored by the political elite out of its concern to maintain unity and that the selection would be constitutionally or extralegally sanctioned. If the successor were a Baoule tribesman, however, he could become the target of complaints of tribal favoritism unless he quickly displayed evenhanded ethnic policies. []

In our view, Houphouet's early death could disrupt economic management and thereby add to the country's economic difficulties. Strong leadership will be necessary to guide the economy through the current difficult period, and economic problems will be harder for a new administration to control. Even if sanctioned by Houphouet, no new leader is likely to enjoy the same authority and public respect that have enabled Houphouet to manage economic problems

relatively well in recent years. A power vacuum would particularly threaten the government's ability to continue restrictions on public borrowing and spending. []

Even if Houphouet survives through 1985 and names a vice president, he might decide to retain office indefinitely. Our assessment is that the inevitable eventual decline in his physical and mental abilities could diminish government effectiveness, arouse widespread dissatisfaction with his rule, and significantly increase the potential for a military coup. At the least, competition and personal animosities probably would intensify between an increasingly anxious younger generation of Ivorian politicians and the fading old guard, and we predict that students would be likely to express their unhappiness with Houphouet's limitations. []

Ivory Coast could be back on a fast economic growth track by mid-decade, according to our estimates, if domestic oil development and production live up to current expectations and the world oil market rebounds. Even so, the long-awaited oil revenues will reduce only some pressures on the economy until production hits projected capacity levels. In the meantime, hard-to-manage economic problems—including large current account deficits, high debt servicing requirements, and slowed growth—will persist. []

The extent and duration of the upswing, when it comes, will depend on how well the new government manages the oil windfall. Without meticulous management, Ivory Coast runs a serious risk of repeating the Nigerian experience—waste of financial resources, pervasive corruption, unrealistic popular expectations, severe inflationary pressures, and neglect of a once-thriving agricultural sector. []

Implications for the United States

We believe that Houphouet's successor almost certainly will be less self-assured than Houphouet, at least initially. To protect his nationalist credentials and move closer to the African mainstream, such a leader probably would take a less pro-Western stance and would be likely to assume a more nonaligned

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orientation. Under such circumstances, we estimate that Ivorian support in the United Nations on issues of concern to Washington will be less assured, and Abidjan will be less likely to take the lead with moderate proposals in the OAU and other African forums. [REDACTED]

In our view, a new leader in Abidjan probably will seek to ease his country's traditionally heavy economic dependence on France by diversifying foreign investment and trade away from the metropole to demonstrate greater nonalignment. The US Embassy reports that US businessmen are anxious to gain entree into new Ivorian markets, and diminished Franco-Ivorian economic ties may increase opportunities for US investment and trade. US firms already are firmly entrenched in Ivory Coast's offshore oil development, but other investment now totals only about \$160 million. The United States now purchases less than 10 percent of Abidjan's major exports—coffee, cocoa, and lumber. [REDACTED]

Under any likely succession scenario, Ivory Coast's role as a moderate regional leader is likely to be diminished. Instability during the post-Houphouet era would be a blow to other moderate, pro-Western countries in West Africa that look to Abidjan as an example of political stability and economic prosperity. [REDACTED]

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We believe that instability would also increase the risk of Libyan and Soviet meddling in Ivory Coast and in the region. Any expansion of Soviet or Libyan influence—or even heightened fears of such influence—has the potential to raise doubts in the region about the wisdom of relying too heavily on France or the United States. The danger will remain that shaky governments will seek security through greater accommodation with Libya and the Soviet Union. [REDACTED]

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Appendix

Changing Conditions in the Ivorian Economy

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Past Performance

For nearly two decades after independence in 1960, Ivory Coast followed development policies that were strongly influenced by a coalition of expatriate French advisers and President Houphouet-Boigny. The country was West Africa's star economic performer, averaging 7.5-percent real growth per year through the mid-1970s. Investment over the period ran at 20 percent or more. []

Agriculture was the initial underpinning of this rapid growth. Ivory Coast became the world's leading exporter of cocoa and ranked among the top five coffee exporters. Unlike many developing countries, Ivory Coast used these revenues to diversify its economy through generous producer incentives. New tropical plantings—such as pineapple, palm trees, rubber, cotton, and sugar—flourished, and the country achieved the highest per capita food production in Sub-Saharan Africa. []

Abidjan relied heavily on its former colonial ties to develop the modern sector. Upward of 65,000 French nationals held key management, technical, and civil service positions. French capital and the government's liberal investment policies encouraged light industries; manufacturing output tripled during the 1970s alone. Despite robust growth, inflation was held to manageable levels by a combination of cheap farm labor, mainly from Guinea, Mali, and Upper Volta, and freewheeling import policies that satisfied European lifestyles in the cities. []

For the most part, native-born Ivorians fared well under Houphouet's leadership. Ivory Coast for years boasted the second-highest per capita GDP in black Africa. In addition, to the envy of its African neighbors, the social security, educational, and health systems were well developed and reached far into rural areas. []

Emerging Problems

The tropical products boom in the mid-1970s that helped Ivory Coast pull out of the world oil shock of 1973-75 encouraged domestic spending patterns that could not be sustained. Counting on prolonged high cocoa and coffee prices, the Houphouet government took advantage of its strong financial position by dipping into international capital markets to supplement overdrafts against the French treasury account for its former West African colonies. The resultant surge in public spending pushed overall investment from 22 percent of GDP in 1975 to a record 31 percent in 1978, while the external debt tripled to \$3.1 billion. [] 25X1

Like many developing countries, Ivory Coast was affected by declining commodity prices, growing oil import bills, and burgeoning financial obligations that resulted in a \$1.5 billion current account deficit in 1980 which, in turn, pushed external debt to \$5 billion. To maintain a minimum 6-percent growth rate in the face of its weak financial position, Abidjan drew down its international reserves to less than one week's import cover that year. At the same time, the government reverted to such heavy domestic borrowing to supplement lagging revenues that a liquidity crisis developed. [] 25X1

Abidjan, with its domestic financial resources nearly depleted and its international credit rating sagging, was forced to turn in 1981 to the International Monetary Fund (IMF). This was done to obtain outside assistance to meet foreign obligations and to demonstrate to international creditors that the country was addressing its economic problems. A \$600 million, three-year, extended fund facility signed in February 1981 curbed government spending and new short-term loans. In line with IMF strictures, Abidjan kept salaries for government employees at 1980 levels in real terms and reduced subsidies on gasoline, public transportation, and food. [] 25X1

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Table 1

Ivory Coast: Selected Socioeconomic Indicators

	Ivory Coast	Average for Sub-Saharan Africa	Average for Less Developed Countries
Adult literacy, 1976 (percent)	20	27	47
Urbanization, 1980 (percent)	38	21	32
Life expectancy at birth, 1979 (years)	47	47	53
Population growth rate, 1970-80 (average annual percent)	4.0	2.8	2.4
Per capita income, 1981 (US \$)	1,130	490	860
Labor force in agriculture, 1979 (percent)	79	71	58

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International banker confidence was bolstered enough by the country's adherence to IMF guidelines and rumors of impending oil wealth that Ivory Coast was able to fund most of its 1981 financial obligations, over and above disbursements under the IMF program, through international borrowing. Borrowing against France's West African treasury account covered the remainder of Abidjan's payments gap. So far, some measure of banker optimism has carried into 1982. Abidjan has already secured an oversubscribed \$80 million loan from a Citibank-led consortium and \$35 million from Arab banks in addition to the \$200 million in balance-of-payments assistance scheduled for disbursement under the IMF program. []

Even with this cash in hand, which will ease somewhat the country's payments pressures, the US Embassy notes that Ivory Coast is far from covering its projected \$2 billion current account deficit and principal repayments on its \$6.5 billion debt. As a result, Abidjan has asked Paris to press French banks for a \$200 million loan and to guarantee several hundred million dollars in additional bank credits. []

The Oil Card

We believe that Abidjan's prospects for obtaining these funds will hinge primarily on news from its offshore oil concessions. Banker optimism soared last

year over Ivory Coast's anticipated emergence as an important oil exporter by 1985, but other reports are not so optimistic. Oil company estimates of the offshore Espoir field presently are around 400 million barrels of recoverable oil, a far cry from earlier claims of as high as 4 billion barrels. The field has not been fully delineated, however, and officials hope that reserves could total as much as 1 billion barrels after all exploration work is completed next year; this figure would support production of 200,000 b/d for almost 15 years. Exports, on the other hand, will run about 100,000 to 150,000 b/d. []

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Developing the Espoir field, however, could bog down because of Abidjan's current financial difficulties. The Ivorian Government has a 60-percent equity share in the concession and must contribute \$600 million as its portion of the \$1 billion needed to develop the field's full productive capacity. []

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¹ Ivory Coast currently produces about 10,000 b/d from another offshore field, Grand Belier. Enhanced recovery techniques could boost daily output from this field alone to nearly 15,000 b/d in the next few years. The Espoir field should come on stream late this year. Ivory Coast, as a result, should be self-sufficient in oil as early as mid-1983. []

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Table 2

Million US \$

Ivory Coast: Financial Indicators, 1976-82

	1976	1977	1978	1979	1980	1981 ^a	1982 ^b
Exports	1,735	2,412	2,616	2,719	3,037	3,191	3,050
Cocoa	441	609	1,108	686	945	845	850
Coffee	653	955	762	814	712	600	600
Imports, f.o.b.	-1,161	-1,597	-2,095	-2,203	-2,554	-2,709	-2,650
Trade balance	574	815	521	516	483	482	400
Net services and transfers	-822	-990	-1,357	-1,666	-2,028	-2,260	-2,400
Current account balance	-248	-175	-836	-1,150	-1,545	-1,778	-2,000
Foreign exchange reserves	76	185	450	147	20	15	NA
External public debt	1,277	2,132	3,100	4,001	5,000	6,000	6,500
Debt service ratio (percent)	10	12	16	22	30	33	35

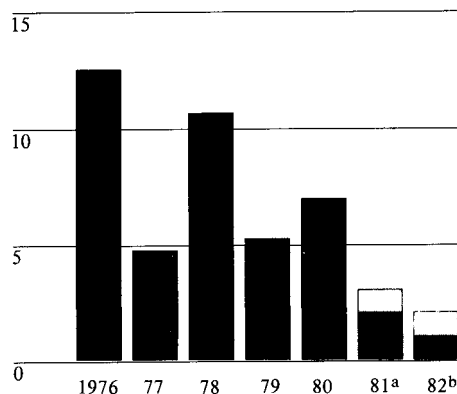
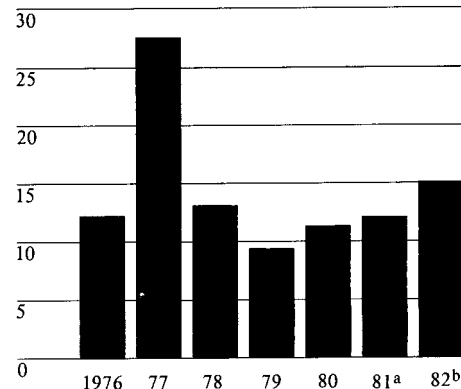
^a Estimated.^b Projected.

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Figure 2

Ivory Coast: Real GDP Growth and Inflation

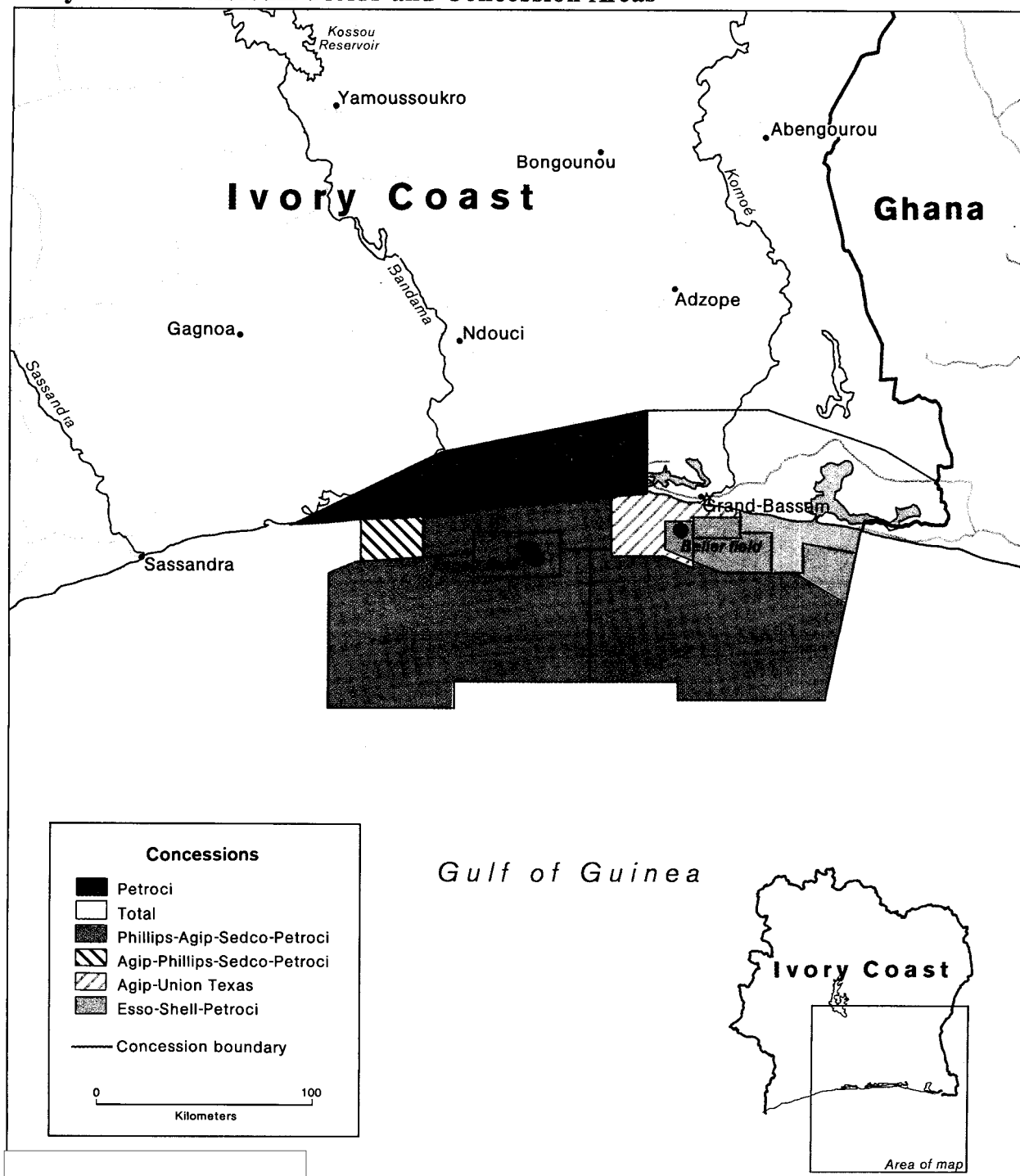
Note change in scales

Real GDP Growth
PercentInflation
Percent^a Estimated.^b Projected.

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586671 5-82

Figure 3
Ivory Coast: Petroleum Fields and Concession Areas



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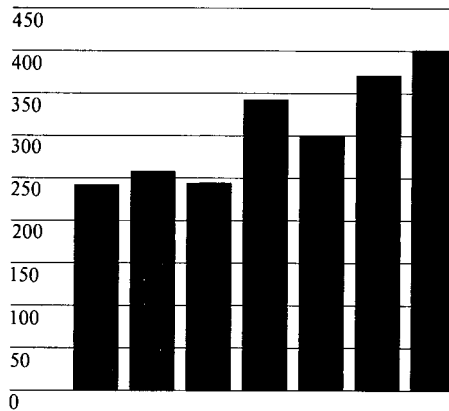
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Figure 4

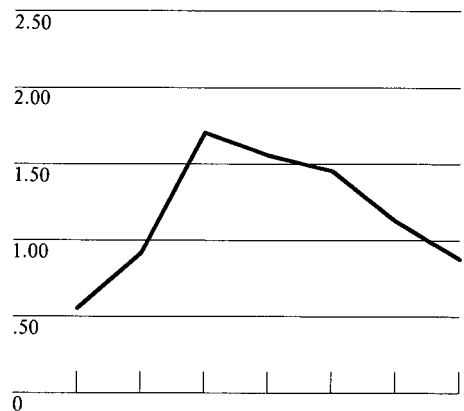
Ivory Coast: Cocoa and Coffee Production and Prices

Cocoa

Production
Thousand Tons

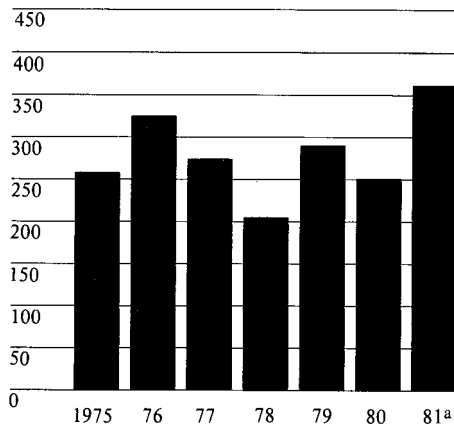


Prices
US \$ per Pound

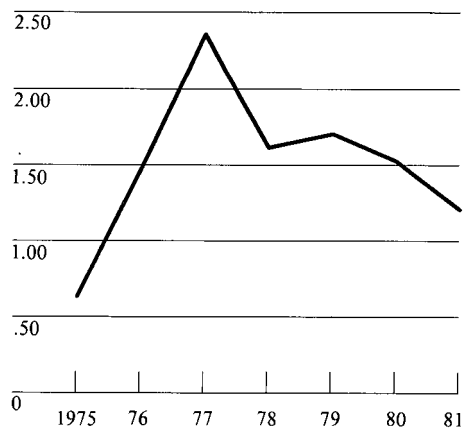


Coffee

Production
Thousand Tons



Prices
US \$ per Pound



^a Estimated.

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Looking Ahead

At best, our estimate is that the Ivorian economy will grow only 1 to 2 percent in 1982 as the pinch of IMF-imposed restrictions on domestic credit and foreign borrowing spreads to all sectors. Agriculture remains the only bright spot in the economy for 1982. Preliminary reports indicate that cocoa and coffee production will be at least as high as last year's respective totals of 400,000 tons and 360,000 tons. But depressed prices point to another year of disappointing export receipts. []

Government austerity measures will reduce industrial output for the second year in a row, compared with 20 years of steady growth. The construction sector will be hardest hit, with activity off nearly 50 percent. High interest rates and government arrearages on contracts will put a number of construction firms out of business altogether. []

Beyond 1982 we believe Ivory Coast could be back on a fast economic growth track by mid-decade if domestic oil development and production live up to current expectations and the world oil market rebounds. Oil production of 200,000 b/d would give Ivory Coast up to \$1.5 billion (in current prices) equal to this year's projected earnings from cocoa and coffee sales. Equally important, substantial oil exports will probably

attract additional financing needed to cover essential imports and a steadily rising external debt. Indeed, our analysis suggests that Abidjan's outstanding foreign obligations could hit a record \$11 billion by the mid-1980s—the largest debt in Sub-Saharan Africa after Nigeria. As a result, Ivory Coast's debt service ratio could top 50 percent. []

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Ivory Coast's future economic health clearly depends on oil, but managing the oil windfall could also pose critical problems for the government. Inexperience in handling surging oil revenues threatens to spur overly ambitious development that, among other things, would:

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- Add to political corruption, not now a source of major concern.
- Accelerate already high urban migration and spur immigration from neighboring countries.
- Build strong inflationary pressures if the domestic money supply rises too quickly.
- Create dependence on imported food, if revenues are not used effectively to develop the agricultural sector. []

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